

## Message Text

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46

ACTION EB-11

INFO OCT-01 ARA-11 ADP-00 AID-20 CIAE-00 COME-00 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 CIEP-02

LAB-06 SIL-01 OMB-01 NSC-10 SS-15 STR-08 CEA-02 AGR-20

L-03 H-02 DODE-00 PA-03 USIA-12 PRS-01 RSR-01 /162 W

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R 271410 Z JUN 73

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 2598

LIMITED OFFICIAL USE BUENOS AIRES 4539

E. O. 11652: N/ A

TAGS: EFIN, AR

SUBJECT: DRAFT LAW NATIONALIZING BANK DEPOSITS

REF BA 4397

1. NATIONALIZATION OF BANK DEPOSITS IS REPETITION OF SYSTEM USED IN PREVIOUS PERON GOVERNMENT. TEXT OF DRAFT LAW ( POUCHED) INDICATES NO MAJOR CHANGE FROM THAT SYSTEM.

2. IN BRIEF, BANKS AND OTHER FINANCIAL INSTITUTIONS WOULD CONTINUE TO SERVICE THEIR CUSTOMERS, RECEIVING DEPOSITS AS AGENTS FOR CENTRAL BANK WHICH WOULD BE SOLE LEGAL DEPOSITORY FOR FUNDS PLACED WITH BANKING SYSTEM. BANKS MAY NOT LEND OR OTHERWISE USE FUNDS WITHOUT AUTHORIZATION OF CENTRAL BANK ( EXCEPT FOR WITHDRAWAL OF DEPOSITS BY OWNERS). AUTHORIZATION WOULD MOST LIKELY TAKE FORM OF BROAD INSTRUCTIONS ON PURPOSES AND VOLUME OF FUNDS TO BE LOANED. WE SEE NO INDICATION CENTRAL BANK WOULD DICTATE SPECIFIC LOAN OPERATIONS. CONTROL OF LENDING ACTIVITIES WOULD BE EXERCISED THROUGH ADVANCES AND DISCOUNTS AT CENTRAL BANK. IN EFFECT, MEASURE IS 100 PERCENT RESERVE REQUIREMENT WITH CENTRAL BANK RELENDING RESERVES TO BANKS TO USE FOR AUTHORIZED PURPOSES.

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3. CENTRAL BANK WILL SET INTEREST RATES ON DEPOSITS AND LOANS, AND BANKS WILL BE PAID FEE FOR SERVICES RENDERED. COMMERCIAL BANKS WILL CONTINUE TO CARRY CREDIT RISKS.

4. A REFINEMENT OF PREVIOUS SYSTEM IS USE OF INCENTIVES TO CAPTURE SAVINGS, TO USE FUNDS FOR GOVERNMENT- APPROVED PURPOSES, AND ( FOR FOREIGN BANKS) TO FAVOR FINANCIAL AND COMMERCIAL DEALINGS ABROAD BY INCLUDING THESE AS CRITERIA ON WHICH PERMISSIBLE VOLUME OF LOANS WILL BE BASED.

5. COMMENT. MEASURE WAS NOT UNEXPECTED, PARTICULARLY SINCE GOMEZ MORALES WAS REAPPOINTED PRESIDENT OF CENTRAL BANK. BANKS DO NOT SEEM UNDULY CONCERNED. WHILE FINAL TEXT OF LAW AND HOW IT WILL BE ADMINISTERED STILL NOT KNOWN, COMMENTS FROM WITHIN U. S. BANKING COMMUNITY INDICATE THEY EXPECT TO BE ABLE TO LIVE WITH SYSTEM.  
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\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* LIMITED OFFICIAL USE

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 27 JUN 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** collinp0  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
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**Previous Handling Restrictions:** n/a  
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**Review Authority:** collinp0  
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**Review Content Flags:**  
**Review Date:** 15 JAN 2002  
**Review Event:**  
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**Secure:** OPEN  
**Status:** <DBA CORRECTED> jms 980225  
**Subject:** DRAFT LAW NATIONALIZING BANK DEPOSITS REF BA 4397  
**TAGS:** EFIN, AR  
**To:** EB  
**SECSTATE WASHDC**  
**Type:** TE  
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